

ALLEN ACTION AGENCY, INC.

Oberlin, Louisiana

Financial Report

Year Ended June 30, 2014

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INDEPENDENT AUDITORS' REPORT

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Allen Action Agency, Inc., (the Agency) a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Allen Action Agency, Inc. as of June 30, 2014, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Agency has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The schedule of expenditures of federal awards (page 31) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2014 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 24, 2014

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash	\$ 62,172
Receivables:	
Due from governments and others	45,617
Capital assets, net	658,494
Other assets	<u>225</u>
Total assets	<u>766,508</u>
LIABILITIES	
Accounts, salaries, and other payables	51,041
Note payable - due within one year	34,056
Note payable - due in more than one year	204,203
Compensated absences payable - due in more than one year	<u>6,159</u>
Total liabilities	<u>295,459</u>
NET POSITION	
Invested in capital assets, net of related debt	420,235
Unrestricted	<u>50,814</u>
Total net position	<u>\$ 471,049</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Activities
For the Year Ended June 30, 2014

Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental activities:			
General government	\$ 23,607	\$ 122,575	\$ 98,968
CSBG	87,359	95,316	7,957
Emergency Energy	279	318	39
Food and Nutrition	113,664	96,690	(16,974)
Headstart	1,261,829	1,261,487	(342)
LiHeap	17,509	28,329	10,820
Weatherization	38,281	40,733	2,452
United Way	8,198	7,905	(293)
Headstart Parents	9,305	11,526	2,221
Total governmental activities	<u>\$1,560,031</u>	<u>\$ 1,664,879</u>	
		Change in net position	104,848
		Net position - July 1, 2013	<u>366,201</u>
		Net position - June 30, 2014	<u>\$ 471,049</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

CSBG Grant Fund

The CSBG Grant Fund accounts for funds granted by the United States Department of Health and Human Services under Community Services Block Grant Program. This program provides funds to assist in ameliorating the causes and consequences of poverty.

Emergency Energy Assistance Fund

The Emergency Energy Assistance Fund accounts for funds donated to local utility companies by the public to provide to low income families.

Food & Nutrition Program Fund

This fund accounts for funds received from the State of Louisiana Department of Education to be used for the expenditures relating to the operations of the child care food program.

Headstart Program Fund

The Headstart Program Fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children.

LiHeap Grant Fund

The LiHeap Grant Fund accounts for funds granted by the United States Department of Health and Human Services under the Low Income Home Energy Assistance Block Grant Program. This program assists low income persons with meeting the costs of home energy.

Weatherization Program Fund

This fund accounts for funds granted by the Louisiana Department of Social Services and U.S. Department of Energy. This program attempts to conserve energy and reduce the impact of rising energy costs on low-income persons through the installation of energy-conserving measures in their dwellings.

Emergency Food and Shelter (United Way) Fund

The Emergency Food and Shelter (United Way) Fund accounts for funds granted by the Emergency Food and Shelter National Board Program, including funds received under the American Reinvestment and Recovery Act.

Headstart Parents Fund

This fund accounts for monies generated by activities of Headstart participants' parents, which is under the control of the Allen Action Agency, Inc.'s Board of Directors.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Balance Sheet - Governmental Funds
June 30, 2014

	General Fund	CSBG Grant Fund	Emergency Energy Assistance Fund	Food and Nutrition Program Fund	Headstart Program Fund	LiHeap Grant Fund	Weatherization Program Fund	United Way	Headstart Parents Fund	Total
ASSETS										
Cash	\$30,976	\$ 618	\$ 319	\$ 9,849	\$ 4,183	\$10,371	\$ 604	\$ 56	\$ 5,196	\$ 62,172
Receivables:										
Due from other funds	11,928	434	-	-	-	73	-	-	-	12,435
Due from governments and others	-	-	-	-	36,732	-	8,885	-	-	45,617
Other assets	225	-	-	-	-	-	-	-	-	225
Total assets	<u>\$43,129</u>	<u>\$ 1,052</u>	<u>\$ 319</u>	<u>\$ 9,849</u>	<u>\$40,915</u>	<u>\$10,444</u>	<u>\$ 9,489</u>	<u>\$ 56</u>	<u>\$ 5,196</u>	<u>\$120,449</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to other funds	\$ -	\$ -	\$ 230	\$ 6,953	\$ -	\$ -	\$ 5,252	\$ -	\$ -	\$ 12,435
Accounts, salaries, and other payables	5,324	1,052	-	-	40,915	-	2,500	56	1,194	51,041
Total liabilities	<u>5,324</u>	<u>1,052</u>	<u>230</u>	<u>6,953</u>	<u>40,915</u>	<u>-</u>	<u>7,752</u>	<u>56</u>	<u>1,194</u>	<u>63,476</u>
Fund balances:										
Restricted	-	-	89	2,896	-	10,444	1,737	-	4,002	19,168
Unassigned	37,805	-	-	-	-	-	-	-	-	37,805
Total fund balances	<u>37,805</u>	<u>-</u>	<u>89</u>	<u>2,896</u>	<u>-</u>	<u>10,444</u>	<u>1,737</u>	<u>-</u>	<u>4,002</u>	<u>56,973</u>
Total liabilities and fund balances	<u>\$43,129</u>	<u>\$ 1,052</u>	<u>\$ 319</u>	<u>\$ 9,849</u>	<u>\$40,915</u>	<u>\$10,444</u>	<u>\$ 9,489</u>	<u>\$ 56</u>	<u>\$ 5,196</u>	<u>\$120,449</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balances for the governmental funds at June 30, 2014		\$ 56,973
Cost of capital assets at June 30, 2014	\$ 1,533,773	
Less: Accumulated depreciation	<u>(875,279)</u>	658,494
Long-term liabilities at June 30, 2014:		
Note payable - due within one year	\$ (34,056)	
Note payable - due in more than one year	(204,203)	
Compensated absences payable	<u>(6,159)</u>	<u>(244,418)</u>
Total net position of governmental activities at June 30, 2014		<u>\$ 471,049</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	CSBG Grant Fund	Emergency Energy Assistance Fund	Food and Nutrition Program Fund	Headstart Program Fund	LiHeap Grant Fund	Weatherization Program Fund	United Way	Headstart Parents Fund	Total
Revenues:										
Federal grants	\$ -	\$ 95,316	\$ -	\$ 96,690	\$ 964,022	\$ 28,329	\$ 40,733	\$ 7,905	\$ -	\$ 1,232,995
In-kind contributions	-	-	-	-	297,465	-	-	-	-	297,465
Other	<u>122,575</u>	<u>-</u>	<u>318</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,526</u>	<u>134,419</u>
Total revenues	<u>122,575</u>	<u>95,316</u>	<u>318</u>	<u>96,690</u>	<u>1,261,487</u>	<u>28,329</u>	<u>40,733</u>	<u>7,905</u>	<u>11,526</u>	<u>1,664,879</u>
Expenditures:										
Current -										
Salaries	648	63,410	-	36,674	597,314	-	17,232	-	-	715,278
Fringe benefits	138	8,267	-	-	93,783	-	1,700	-	-	103,888
Travel	1,691	545	-	-	3,907	-	193	-	-	6,336
Program services	15,701	12,020	269	-	208,400	16,884	17,790	7,905	-	278,969
Food	-	-	-	70,571	13,968	-	-	-	-	84,539
Other	-	-	-	2,363	297,465	-	-	-	8,973	308,801
Capital outlay	128,540	-	-	-	5,241	-	-	-	-	133,781
Debt service	-	-	-	-	41,409	-	-	-	-	41,409
Total expenditures	<u>146,718</u>	<u>84,242</u>	<u>269</u>	<u>109,608</u>	<u>1,261,487</u>	<u>16,884</u>	<u>36,915</u>	<u>7,905</u>	<u>8,973</u>	<u>1,673,001</u>
Excess (deficiency) of revenues over expenditures	(24,143)	11,074	49	(12,918)	-	11,445	3,818	-	2,553	(8,122)
Other financing sources (uses):										
Transfers in	15,966	-	-	-	-	-	-	-	-	15,966
Transfers out	-	(11,074)	-	-	-	(1,074)	(3,818)	-	-	(15,966)
Total other financing sources (uses)	<u>15,966</u>	<u>(11,074)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,074)</u>	<u>(3,818)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(8,177)	-	49	(12,918)	-	10,371	-	-	2,553	(8,122)
Fund balances - beginning	<u>45,982</u>	<u>-</u>	<u>40</u>	<u>15,814</u>	<u>-</u>	<u>73</u>	<u>1,737</u>	<u>-</u>	<u>1,449</u>	<u>65,095</u>
Fund balances - ending	<u>\$ 37,805</u>	<u>\$ -</u>	<u>\$ 89</u>	<u>\$ 2,896</u>	<u>\$ -</u>	<u>\$ 10,444</u>	<u>\$ 1,737</u>	<u>\$ -</u>	<u>\$ 4,002</u>	<u>\$ 56,973</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Total net change in fund balance for the year ended June 30, 2014 per Statement of Revenues, Expenditures and Changes in Fund Balances			\$ (8,122)
Add: Capital outlay costs which are considered as expenditures on Statement of Activities		\$ 133,781	
Less: Depreciation expense for year ended June 30, 2014		<u>(61,908)</u>	71,873
Add: Loan principal retirement considered as an expenditure on Statement of Activities			36,563
Add: Excess of compensated absences used over compensated absences earned			<u>4,534</u>
Total change in net assets for the year ended June 30, 2014 per Statement of Activities			<u>\$104,848</u>

The accompanying notes are an integral part of the basic financial statements.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements

INTRODUCTION

Allen Action Agency, Inc., (the Agency) incorporated under the laws of the State of Louisiana on August 19, 1965, is a nonprofit organization as defined by Section 501(c)(3) of the Internal Revenue Code. The laws of the State of Louisiana exempt the Agency from Louisiana taxation. The majority of this agency's funding comes from government grants renewable annually.

GASB Statement No. 14, The Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Allen Action Agency, Inc. is considered a component unit of the Allen Parish Police Jury. As a component unit, the accompanying financial statements should be included within the reporting of the primary government either blended into those financial statements or separately reported as discrete component units.

(1) Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Allen Action Agency, Inc. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Agency are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Agency.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The various funds of the Agency are classified as governmental funds. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Agency or its total assets, liabilities, revenues, or expenditures/expenses are at least 10 percent of the corresponding total for all funds.

The Allen Action Agency, Inc. reports the following major governmental funds:

General Fund

The General Fund is the Agency's primary operating fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the funds which comprise the Agency's Special Revenue Funds:

CSBG Grant Fund

The CSBG Grant Fund accounts for funds granted by the United States Department of Health and Human Services under the Community Services Block Grant Program. This program provides funds to assist in ameliorating the causes and consequences of poverty.

Emergency Energy Assistance Fund

The Emergency Energy Assistance Fund accounts for funds donated to local utility companies by the public to provide to low income families.

Food & Nutrition Program Fund

This fund accounts for funds received from the State of Louisiana Department of Education to be used for the expenditures relating to the operations of the child care food program.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Headstart Program Fund

The Headstart Program Fund accounts for monies received from the U.S. Department of Health and Human Services. This program provides comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children.

LiHeap Grant Fund

The LiHeap Grant Fund accounts for the administration of funds granted by the United States Department of Health and Human Services under the Low Income Home Energy Assistance Block Grant Program. This program assists low income persons with meeting the costs of home energy.

Weatherization Program Fund

This fund accounts for funds granted by the Louisiana Department of Social Services and U.S. Department of Energy. This program attempts to conserve energy and reduce the impact of rising energy costs on low-income persons through the installation of energy-conserving measures in their dwellings.

Emergency Food and Shelter (United Way) Fund

The Emergency Food and Shelter (United Way) Fund accounts for funds granted by the Emergency Food and Shelter National Board Program.

Headstart Parents Fund

This fund accounts for monies generated by activities of Headstart participant's parents, which is under the control of the Allen Action Agency, Inc.'s Board of Directors.

B. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

All other revenue items are considered to be measurable and available only when cash is received by the Agency.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including, special assessments.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Allen Action Agency, Inc.'s investment policy allow the Agency to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

All receivables from other governments are considered collectible due to their nature.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Allen Action Agency, Inc. maintains a threshold level of \$5,000 or \$500 for capitalizing capital assets, depending on the funding agency's requirements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	7-30 years
Furniture and fixtures	3-7 years
Vehicles	5 years
Equipment	3-7 years

Compensated Absences

The Allen Action Agency, Inc. has the following policy relating to vacation and sick leave:

Employees accrue vacation and sick leave based on years of service. Employees with three years of service or less accrue 8 hours per month of vacation and sick leave, three to five years of service permits 10 hours per month of accrual, and employees with five or more years of service accrue 12 hours per month. Any vacation leave in excess of 72 hours and all sick leave not utilized by the end of each year is forfeited.

For fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a current fund liability of the governmental fund that will pay it. In the government-wide statements, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are recorded as long-term debt. No expenditure is reported for these amounts.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net position

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There were no deferred inflows or outflows as of June 30, 2014.

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in two components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. The Allen Action Agency, Inc. has adopted GASB Statement 54 and as such, fund balances of the governmental funds are classified as follows.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Board of Directors, which is the highest level of decision-making authority for the Agency.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Agency considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Allen Action Agency, Inc. considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Agency has provided otherwise in their commitment or assignment actions. The Agency has no policy for stabilization amounts.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

(2) Stewardship, Compliance and Accountability

Allen Action Agency, Inc. is not required and did not adopt a budget for this fiscal year.

(3) Cash and Cash Equivalents

At June 30, 2014, the Allen Action Agency, Inc. has cash and cash equivalents book balances totaling \$62,172.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

These demand deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Agency's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the agency or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2014, the Allen Action Agency, Inc. has \$68,836 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

(4) Receivables

Receivables consisted of the following amounts due from other governmental agencies at June 30, 2014:

	<u>Headstart</u>	<u>Weatherization Program</u>	<u>Total</u>
U.S. Department of Health and Human Services	\$ 36,732	\$ -	\$ 36,732
Louisiana Association of Community Action Partnerships	-	8,455	8,455
Totals	<u>\$ 36,732</u>	<u>\$ 8,455</u>	<u>\$ 45,187</u>

These amounts are considered collectible due to their nature.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(5) Capital Assets

Capital assets at June 30, 2014 consisted of the following:

	Balance 07/01/14	Increases	Decreases	Balance 06/30/14
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 10,039	\$ -	\$ -	\$ 10,039
Capital assets being depreciated				
Buildings	828,717	120,750	-	949,467
Improvements other than buildings	19,566	-	-	19,566
Machinery and equipment	541,670	13,031	-	554,701
Total capital assets being depreciated	1,389,953	133,781	-	1,523,734
Less accumulated depreciation for:				
Buildings	340,164	30,990	-	371,154
Improvements other than buildings	9,454	488	-	9,942
Machinery and equipment	463,753	30,430	-	494,183
Total accumulated depreciation	813,371	61,908	-	875,279
Total capital assets being depreciated, net	\$ 576,582	\$ 71,873	\$ -	\$ 648,455

Depreciation expense of \$61,908 for the year ended June 30, 2014, was charged to the following governmental functions:

General government	\$ 5,429
CSBG Grant	3,117
Emergency Energy	10
Food and Nutrition	4,056
Headstart	46,680
LiHeap	625
Weatherization	1,366
United Way	293
Headstart Parents	332
Total	\$ 61,908

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(6) Interfund Receivables and Payables

Interfund transfers occur routinely between the general fund and other funds to temporarily loan these funds money until sufficient revenue inflows are available.

Interfund receivables and payables consisted of the following at June 30, 2014:

	Interfund Receivables	Interfund Payables
General Fund	\$ 11,928	\$ -
CSBG Grant Fund	434	-
Emergency Energy Assistance Fund	-	230
Food and Nutrition Program Fund	-	6,953
LiHeap Grant Fund	73	-
Weatherization Program Fund	-	5,252
Total	<u>\$ 12,435</u>	<u>\$ 12,435</u>

(7) Accounts, Salaries, and Other Payables

The payables consisted of the following at June 30, 2014:

	General Fund	CSBG Fund	Headstart Fund	Wx Program	United Way	Headstart Parents	Total
Withholdings	\$ 4,970	\$ -	\$ -	-	-	-	4,970
Accounts	354	1,052	40,915	2,500	56	1,194	46,071
Total	<u>\$ 5,324</u>	<u>\$ 1,052</u>	<u>\$ 40,915</u>	<u>\$ 2,500</u>	<u>\$ 56</u>	<u>\$ 1,194</u>	<u>\$ 51,041</u>

(8) Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended June 30, 2014.

	Note Payable	Compensated Absences	Total
Long-term obligations at beginning of year	\$ 274,822	\$ 10,693	285,515
Additions	-	1,186	1,186
Deductions	<u>(36,563)</u>	<u>(5,720)</u>	<u>(42,283)</u>
Long-term obligations at end of year	<u>\$ 238,259</u>	<u>\$ 6,159</u>	<u>\$ 244,418</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2014.

	Note Payable	Compensated Absences	Total
Current portion	\$ 34,056	\$ -	\$ 34,056
Long-term portion	204,203	6,159	210,362
Total	<u>\$238,259</u>	<u>\$ 6,159</u>	<u>\$244,418</u>

Note payable principal in the next fiscal year is \$34,056. The individual issue is applicable to governmental activities and is as follows:

	Original Issue	Interest Rate	Final Payment Due	Principal Outstanding	Funding Source
Iberia Bank	\$ 599,879	Prime	10/31/2021	\$ 238,259	Headstart
Collateral-Headstart building and land, Oakdale, LA , net book value at 6/30/14 of \$392,272					

Principal payments on the above note payable are due as follows:

Year ending June 30	
2015	\$ 34,147
2016	35,318
2017	36,439
2018	37,543
2019	37,543
2020-2021	57,269
	<u>\$ 238,259</u>

(9) In-Kind Contributions

The Agency records in-kind contributions for the Headstart Program for various personal services rendered, space donated, travel expenditures incurred, and other miscellaneous donations. These amounts have been recorded in the Headstart Special Revenue Fund.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(10) Risk Management

Management has represented that there is no litigation pending against the Agency at June 30, 2014. Furthermore, the Agency's management believes that any potential lawsuits would be adequately covered by insurance. The Agency has not retained the risk of loss in relation to insurance matters. Their policy is to purchase commercial insurance for any of their needs. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

(11) Judgments, Claims and Similar Contingencies

The Agency receives revenues from various Federal and State grant programs which are subject to final review and approval as to allowability of expenditures by the respective grantor agencies. Any settlements or expenses arising out of a final review are normally recognized in the period in which agreed upon between the parties involved. Also, it is management's opinion that any audits by the grantor agencies would not produce disallowed program costs and liabilities to such an extent that they would materially affect the Agency's financial position.

(12) Economic Dependency

The Agency receives the majority of its revenue from funds provided through grants. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Agency receives could be reduced significantly and could have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Agency will receive in the next fiscal year.

(13) Deferred Compensation Plan

The Agency maintains a 403(b) plan for its employees of the Headstart program and Agency administrative personnel. Under this plan there is no fixed dollar amount of retirement benefits. Employee and employer contributions determine the retirement benefits available. Contributions are invested in mutual funds, which will be administered by the custodian. Participants are eligible by completing one month of service with the Agency. Employee contributions cannot exceed \$15,000 annually. Employer contributions are discretionary. Vesting is automatic. Participants may receive loans from their individual accounts up to the lesser of \$50,000 or 50% of their account balance. Loans will bear interest at a rate determined by the plan administrator. The term of loans may not exceed 5 years.

(14) Restricted Fund Balances

Restricted Fund Balances - The special revenue fund balances are restricted due to the nature of the funds. All of the special revenue funds are grant programs, whose funds are required to be expended for specific purposes outlined in the various grant documents.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to the Basic Financial Statements (Continued)

(15) Income Tax Status

The Allen Action Agency, Inc., a non-profit corporation, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

(16) Compensation Paid to Board Members

During the fiscal year ended June 30, 2014, there were no payments made to or on behalf of board members.

(17) Subsequent Event Review

The Agency's management has evaluated subsequent events through November 24, 2014, the date which the financial statements were available to be issued.

INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Allen Action Agency, Inc. (the Agency), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Allen Action Agency, Inc.'s Response to Findings

The Agency was not required to respond to any findings since none were noted.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Oberlin, Louisiana
November 24, 2014

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors,
Allen Action Agency, Inc.
Oberlin, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Allen Action Agency, Inc.'s (the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Agency's major federal program for the year ended June 30, 2014. The Agency's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control over Compliance

Management of the Allen Action Agency, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Agency was not required to respond to any findings since none were noted.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

November 24, 2014
Oberlin, Louisiana

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services: Headstart*	93.600	\$ 964,022
<u>Other Federal Awards</u>		
U. S. Department of Health and Human Services: Passed Through Louisiana Housing Finance Agency - LIHEAP	93.568	17,958
Passed Through the Louisiana Workforce Commission - Community Service Block Grant	93.569	95,316
U. S. Department of Agriculture: Passed Through the State Department of Education - Child Care Food	10.558	82,722
U.S. Department of Energy: Passed Through the Louisiana Association of Community Action Partnerships - Weatherization Assistance Program	81.042	4,345
Weatherization Assistance Program	81.042	36,388
		40,733
U.S. Department of Homeland Security Passed Through United Way- Emergency Food and Shelter National Board Program	97.024	7,905
Total expenditures of federal awards		\$ 1,208,656

*Major federal financial assistance program.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

(1) General

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Allen Action Agency, Inc. The Allen Action Agency, Inc.'s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2014. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The Headstart program was considered to be the major federal program for the Allen Action Agency, Inc.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the Allen Action Agency, Inc. and is presented on the modified accrual basis of accounting, which is described in Note 1 to the basic financial statements for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

(3) Relationship to Fund Financial Statements

A reconciliation of total expenditures of federal awards reported in the schedule of expenditures of federal awards to total expenditures per the statement of revenues, expenditures, and changes in fund balances -governmental funds is as follows:

Total expenditures plus transfers out per combined statement of revenues, expenditures and changes in fund balances - all governmental fund types	\$ 1,688,967
Less: In-kind contributions	(297,465)
Non-federal expenses	<u>(182,846)</u>
Total	<u>\$ 1,208,656</u>

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Part I. Summary of Auditor's Results:

1. An unqualified report was issued on the basic financial statements.
2. No deficiencies in internal control were disclosed by the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies in internal control over the major program were disclosed by the audit of the basic financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no findings required to be reported under Section 510(a) of Circular A-133.
7. The Headstart program was considered to be the major program.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted governmental auditing standards:

A. Compliance Findings -

There were no compliance findings that are required to be reported.

B. Internal Control Findings -

There are no internal control findings that are required to be reported.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings.

ALLEN ACTION AGENCY, INC.
Oberlin, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
For the Year Ended June 30, 2014

Reference	Fiscal Year Finding Initially		Corrective Action Taken		Name of Contact Person	Anticipated Date of Completion
<u>Number</u>	<u>Occurred</u>	<u>Description of Finding</u>	<u>Taken</u>	<u>Corrective Action Planned</u>	<u>Contact Person</u>	<u>Completion</u>

CURRENT YEAR (06/30/14) --

Internal Control:

There were no significant deficiencies.

PRIOR YEAR (06/30/13) --

Internal Control:

There were no significant deficiencies.